

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 COME-00 EB-07 NEAE-00 /018 W
-----171427Z 113963 /46

P 171310Z JUN 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 4177

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E.O. 11652: N/A
TAGS: ETRD, ETRV, US, IN
SUBJECT: WESTINGHOUSE GAS TURBINE BID

REF: (A) STATE 139162, (B) NEW DELHI 8338

1. REF B REPORTED VISIT OF ECON COUNSELOR WITH MR. V. KRISHNAMURTHY, SECRETARY, MINISTRY OF INDUSTRIES AND CHAIRMAN BHEL ON JUNE 9. SINCE THAT DATE FOLLOWING ACTIONS AND EVENTS HAVE OCCURED REGARDING WESTINGHOUSE'S GAS TURBINE BID.

2. JUNE 12: WESTINGHOUSE INFORMED US THEY HAD INFORMATION THAT TECHNICAL COMMITTEE COMPRISED OF BHEL, MAHARASHTRA STATE ELECTRICITY BOARD, AND CENTRAL ELECTRICITY AUTHORITY WAS RECOMMENDING MAHARASHTRA CONTRACT BE AWARDED TO KRAFTS WORKS UNION (KWU), A GERMAN FIRM. NEXT STEP IN GOI DECISION PROCESS WAS THAT Y. T. SHAH, SECRETARY, MINISTRY OF ENERGY WOULD REVIEW TECHNICAL COMMITTEE RECOMMENDATION AND FORWARD IT TO MINISTER-LEVEL COMMITTEE FOR APPROVAL. WESTINGHOUSE ASKED EMBASSY TO APPROACH Y. T. SHAH ON THEIR BEHALF.

3. ADVISED WESTINGHOUSE THAT WE HAD BEEN SEEKING AN APPOINTMENT WITH Y. T. SHAH SINCE JUNE 10. AFTER SEVERAL ATTEMPTS Y. T. SHAH INFORMED US ON JUNE 13 THAT HE WAS NOT INVOLVED WITH GAS TURBINE BID AND SUGGESTED WE CONTACT MRS. OTIMA BORDIA, JOINT SECRETARY, MINISTRY OF ENERGY, DEPARTMENT OF POWER WHO WOULD

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BE REVIEWING TECHNICAL COMMITTEE RECOMMENDATION.

4. JUNE 14: ECON COUNSELOR AND COMMERCIAL ATTACHE CALLED ON MRS. BORDIA, SHE MENTIONED SHE HAD BEEN VISITED EARLIER BY WESTINGHOUSE'S LOCAL AGENT WHO HAD LEFT A PAPER WITH HER. SHE EMPHASIZED THAT RECOMMENDATION OF TECHNICAL COMMITTEE WAS NOT PUBLIC KNOWLEDGE AND IN ANY EVENT SHE HAD NOT YET RECEIVED FULL

REPORT. WE STRESSED WESTINGHOUSE'S WORPQIUME LEADERSHIP IN GAS TURBINE TECHNOLOGY AND PROVEN RELIABILITY OF ITS EQUIPMENT. WE ALSO MENTIONED THREE-YEAR EXPERIENCE CLAUSE FOR EQUIPMENT IN MAHARASHTRA TENDER AND THAT, ACCORDING TO WESTINGHOUSE, NONE OF BIDDERS HAVE EQUIPMENT OF SIZE SPECIFIED IN TENDER THAT CAN MEET THIS PROVISION. WE SAID THAT WESTINGHOUSE BID SMALLER UNITS BECAUSE THEY ARE PROVEN GAS TURBINES AND SATISFY EXPERIENCE PROVISION. ALSO, THAT WESTINGHOUSE IS WILLING TO BID LARGER UNITS ON COMPETITIVE BASIS IF EXPERIENCE PROVISION IS FLEXIBLE.

5. JUNE 15: WESTINGHOUSE LOCAL REP APPROACHED US REGARDING SENDING A LETTER TO MRS. BORDIA EMPHASIZING POINTS TELEXED BY WESTINGHOUSE TO HIM. WE REPLIED THAT WE WERE WILLING TO SEND LETTER SUPPORTING WESTINGHOUSE, BUT WE DID NOT CONSIDER IT APPROPRIATE FOR US TO COMMENT ON TECHNICAL CAPABILITIES OF COMPETITOR (KWU).

6. JUNE 15: AMBASSADOR PAID COURTESY CALL ON MINISTER OF INDUSTRIES, MR. BRIJLAL VARMA WHO HAD JUST RETURNED FROM CAMPAIGNING IN STATE ELECTIONS AND APPARENTLY WAS NOT FAMILIAR WITH GAS TURBINE PROJECTS. AMBASSADOR MENTIONED WESTINGHOUSE'S BIDS FOR GAS TURBINES AND PROPOSALS FOR TECHNOLOGY TRANSFER. AMBASSADOR STATED HE TRUSTED THAT WESTINGHOUSE WOULD BE GIVEN FAIR CHANCE TO COMPETE. HE ALSO SAID THAT IF WESTINGHOUSE CAME INTO INDIA ON TECHNICAL COLLABORATION, IT WOULD HAVE A FAVORABLE IMPACT ON OTHER U.S. FIRMS' ATTITUDES TOWARDS DOING BUSINESS HERE. MINISTRY OF INDUSTRIES SENIOR OFFICIAL ATTENDING MEETING REPLIED THAT GOI RECOGNIZED WESTINGHOUSE AS WORLD LEADER IN LIMITED OFFICIAL USE

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FIELD AND TECHNICAL COLLABORATION PROPOSAL WAS VERY ATTRACTIVE TO BHEL, WHICH ORGANIZATION WAS UNDER THIS MINISTRY. OFFICIAL ALSO SAID, HOWEVER, DECISION WAS UP TO GOI COMMITTEE AND NOT SOLELY MINISTRY OF INDUSTRIES.

7. COMMENT: WHILE EMBASSY WAS ALREADY PREPARING LETTER TO BE SENT TO MINISTRY OF ENERGY BEFORE RECEIPT REFTEL, WE WERE PHRASING LETTER WITH SOME CAUTION. FIRST, FACTS GIVEN US BY WESTINGHOUSE ARE NOT PUBLIC KNOWLEDGE NOR WAS GOI WILLING TO TELL US IN PRIVATE. SECOND, AS POINTED OUT IN REFTEL, WE HAVE NO KNOWLEDGE OF THE TECHNICAL ASPECTS OF THIS SUBJECT. THIRD, GOI SENSITIVITY TO INTERFERENCE IS WELL KNOWN, AND WESTINGHOUSE ITSELF HAS SAID IT WOULD NOT WANT TO JEOPARDIZE ITS OTHER BUSINESS INTERESTS IN INDIA.

8. AFTER RECEIPT OF REFTEL, THE AMBASSADOR DECIDED THAT ANY REFERENCE TO THE STANDARDS OF BIDS OF COMPANY FROM ANOTHER COUNTRY WERE INAPPROPRIATE FOR THE USG TO MAKE, BUT THAT WE SHOULD MAKE EVERY PROPER EFFORT TO HELP WESTINGHOUSE, INCLUDING

DESPATCHING A LETTER SUPPORTING THE COMPANY.

9. JUNE 16: ECON COUNSELOR AND COMMERCIAL ATTACHE MET WITH WESTINGHOUSE REP L. C. SAUNDERS. HE SAID PURPOSE OF LETTER TO MRS. BORDIA WAS TO TRY TO DELAY DECISION ON MAHARASHTRA, BUT WESTINGHOUSE RELUCTANT TO PUSH TO HARD DIRECTLY FOR FEAR OF JEOPARDIZING THEIR POSITION IN BIDDING FOR KARNATAKA AND ASSAM. SAUNDERS AGREED THAT KWU SHOULD NOT BE MENTIONED BY NAME IN LETTER FROM US TO MRS. BORDIA.

10. ACCORDINGLY, WE HAVE SENT A LETTER WHICH STRESSES WESTINGHOUSE REPUTATION AND COMPETENCE, POINTS OUT PROBLEM OF THREE-YEAR EXPERIENCE CLAUSE INCLUDING FACT NO EQUIPMENT OF KIND CALLED FOR COULD MEET THAT REQUIREMENT, AND WILLINGNESS OF WESTINGHOUSE TO BID LARGER UNITS IF THREE YEAR CLAUSE WAS FLEXIBLE.

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11. WE ARE TOLD BY WESTINGHOUSE THAT DECISION OF SOME KIND EXPECTED OVER NEXT FEW DAYS, AND WE WILL KEEP DEPARTMENT INFORMED.
GOHEEN

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 17-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
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